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MOTION BY SUPERVISOR ZEV YAROSLAVSKY June 26, 2007

Los Angeles County is on the brink of a sea change in the way we finance child welfare. Of 58 counties, we are one of only two in the State willing to take a chance and change the way we do business to keep more children from languishing in foster care.

For decades, under Title IV-E of the Social Security Act, the Federal government has provided a safety net for abused and neglected children. Regardless of how high the foster care caseloads climb, the Federal government guarantees funding for out-of-home placement, but provides little funding to keep children from falling into that safety net in the first place. Of the total federal funds dedicated to child welfare, 87% is spent on foster care and adoption, while only 11% is spent on preventive and reunification services.[1] As a result, on any given day there are over 500,000 children in foster care nationwide.[2]

The Title IV-E Waiver frees us from these funding restrictions. After two years of negotiating, the Department of Children and Family Services (DCFS), State and Federal governments worked out an agreement, creating a capped annual allocation in exchange for the flexibility to use those funds. The Federal government is, in effect,

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[1] ASPE Issue Brief, "How and Why the Current Funding Structure Fails to Meet the Needs of the Child Welfare Field," Laura Radel, August 2005.

[2] U.S. Department of Health and Human Services, "Trends in Foster Care and Adoption," Adoption and Foster Care Analysis and Reporting System, Administration on Children, Youth and Families. Estimates are based on data submitted by states as of September 15, 2005

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"waiving" the rules, allowing us to invest in innovative programs that will improve outcomes for abused and neglected children.

Over the past several weeks, DCFS and Probation have been finalizing the Title IV-E Waiver Implementation Plan. During the same time, on June 12, 2007, the Budget Conference Committee of the State Legislature approved a 5% foster care provider rate increase – a well-deserved increase for our foster families and group homes. Unfortunately, this legislation has a potential to negatively impact the waiver. DCFS estimates that the annual cost for providing this increase is roughly $12.7 million per year, comprised of a $3.4 million State share, $4.1 million Federal share, and $ 5.2 million County share.

Because the Board-approved Memorandum of Understanding with the State requires that they adjust the cap in the event of increased costs, the State share will be offset with an increase in State revenues. Costs to cover the Federal and County portion, however, would have to come out of the Title IV-E Waiver capped allocation. Ultimately, the impact would be to reduce the amount of funds available for reinvestment into family support services from $12.5 million to $4.2 million annually – decreasing the size of the Title IV-E Waiver program by two-thirds. Moreover, without the Title IV-E Waiver, the County would have no choice but to increase its County Net County Cost to pay for the 5% increase.

Given the importance of this historic effort, we should strongly consider providing additional funds to pay for the 5% increase without unnecessarily compromising the DCFS proposal to reinvest funds in child welfare prevention and reunification services.

**I, THEREFORE, MOVE** that the Board of Supervisors direct the Chief Executive Officer and DCFS to explore all options for allocating the $5.2 million needed to fund the

5% foster care provider rate increase and report back in time for consideration during the FY 2007-2008 Supplemental Budget in September.

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